

CHAPTER 8  
ADDENDUM D (FY 2004)

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR SNF  
FOR FISCAL YEAR 2004

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA  
FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2004

STEP 1: CALCULATE CASE-MIX ADJUSTED PPS PER DIEM RATE BY RUG-III CATEGORY CODE

Nursing Base Rate \$129.52	X	Nursing Relative Weight 1.13	=	Nursing Component \$146.36
Therapy Base Rate \$97.56	X	Therapy Relative Weight 1.41	}	+
Non-Case-Mix Therapy Component <sup>1</sup> (Flat Therapy Amount) N/A				Therapy Component \$137.56
Non-Case-Mix Component (Flat Amount) \$66.10			=	+
				Non-Case-Mix Component \$66.10
				<hr/>
				Case-Mix Adjusted Rate \$350.02

<sup>1</sup> The non-case-mix therapy component (flat therapy amount) of \$12.85 for urban SNFs and \$13.72 for rural SNFs does not apply to the RVC RUG-III category nor any of the other 13 rehabilitation RUG-III categories (ones that have a first letter of "R"). For non-rehabilitation RUG-III categories, the flat therapy amount replaces the weighted therapy amount.

**TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002**

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**ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA  
FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2004 (CONTINUED)**

**STEP 2: CALCULATE WAGE ADJUSTED FEDERAL PER DIEM RATE**

Case-Mix Adjusted Rate \$350.02	{	Labor Portion <sup>2</sup> \$267.32	X	Wage Index 0.8940	=	Wage-Adjusted Labor Portion \$233.64
		Non-Labor Portion \$82.70			=	Non-Labor Portion \$82.70
						<div style="border-top: 1px solid black; margin-top: 5px;">Wage Adjusted Total Rate \$316.34</div>

**STEP 3: CALCULATE PAYMENT ADJUSTMENTS**

Wage Adjusted Total Rate \$316.34	X	BBRA Adjustment <sup>3</sup> N/A	X	BIPA Adjustment <sup>4</sup> 1.067	=	Final Rate \$337.53
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<sup>2</sup> The wage index adjustment is applied to the labor related portion of the rate, which is 76.372 percent of the total case-mix adjusted rate for FY2004.

<sup>3</sup> The Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) provides a 20 percent increase to the Wage Adjusted Total Rate for 12 RUGs-III groups (ones that have a first letter of "S" or "C").

<sup>4</sup> All 14 rehabilitation RUGs receive a 6.7 percent increase to the Wage Adjusted Total Rate (Medicare, Medicaid, and SCHIP Benefits Improvement Act of 2000 (BIPA)).

Source: 68 FR 55882; Medicare Programs; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities-Update; Correction: September 29, 2003.

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